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Aide says contra handlers knew of arms during ban, not source

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WASHINGTON — Officials responsible for overseeing the U.S. policy of support for the contras were aware that the Nicaraguan rebels were getting arms and other help at a time when U.S. military aid was prohibited, but they did not know the source, the Pentagon's top official for Latin America said yesterday.

"Sure we knew they were getting arms, getting support. . . . We didn't know the source," Nestor D. Sanchez, deputy assistant secretary of defense for Inter-American affairs, said in an interview.

Mr. Sanchez, who is retiring Jan. 31, was also the Pentagon's representative on the interagency group overseeing U.S. backing for the contras.

The group was headed by Elliott Abrams, the assistant secretary of state for Inter-American affairs, and included CIA and National Security Council staff representatives, among them Lt. Col. Oliver L. North.

The Reagan administration secretly sold arms to Iran in an effort to improve relations and win the release of American hostages in Lebanon. Colonel North is alleged to have skimmed proceeds from the sales to supply the contras at a time between mid-1984 and last October when military aid was banned.

No link has been disclosed between the Defense Department and the alleged diversion of funds.

"Did we know that was taking place? Absolutely not," Mr. Sanchez said yesterday.

He told the Associated Press yesterday that he was aware that Colonel North was in contact with private groups aiding the contras.

During the congressional ban on U.S. military aid, the administration openly urged private help for the contras and, it has been acknowledged, solicited \$10 million from the Southeast Asian nation of Brunei.

Mr. Sanchez, 59, is a former official of the CIA

He said yesterday that he was leaving for personal reasons totally unrelated to the controversy.